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RR RUEHAG RUEHDF RUEHIK RUEHLZ RUEHRN RUEHROV
DE RUEHTL #0212/01 1691329
ZNR UUUUU ZZH
R 171329Z JUN 08
FM AMEMBASSY TALLINN
TO RUEHC/SECSTATE WASHDC 0674
INFO RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHBS/USEU BRUSSELS
RUEHSS/OECD POSTS COLLECTIVE

UNCLAS SECTION 01 OF 02 TALLINN 000212

FOR EEB/CIP/BA - WHIT WITTEMAN
EUR/NB FOR KATHERINE GARRY
HELSINKI FOR GLENN LEWIS
USEU FOR DAVID LIPPEATT

SENSITIVE
SIPDIS

E.O. 12958: N/A
TAGS: [PREL](#) [ECON](#) [BEXP](#) [PGOV](#) [OIIP](#) [TINT](#) [EN](#)
SUBJECT: ICT AMBASSADOR GROSS' VISIT TO ESTONIA

Ref: (A) Tallinn 179
(B) Tallinn 196

¶1. (SBU) Summary: On May 26-27, Ambassador David A. Gross, U.S. Coordinator for International Communications and Information Policy, highlighted U.S. engagement on cyber security and ICT issues with senior GOE officials as well as U.S. and Estonian business leaders. Estonia's Ministry of Defense (MOD) expressed concern that the cyber attacks of April 2007 may presage a "re-militarization of the internet", while Minister of Economy Juhan Parts announced the Stanford Research Institute (SRI) plans to open a branch office in Estonia to support non-profit research and development in hi-tech industries. The head of Skype, Estonia's marquee company, previewed future voice-over internet protocol (VOIP) products and discussed security issues related to the use of peer-to-peer (P2P) software. Ambassador Gross also addressed the American Chamber of Commerce, and Estonia's second largest daily paper. End Summary.

Cyber Security

¶2. (SBU) At Estonia's Cooperative Cyber Defense Center (CCD) (ref B) Ambassador Gross and Embassy Tallinn's Charge saw the center's classrooms, computer labs and other facilities. CCD Director and Executive Officer, Raul Riik, explained that while Estonia's Cyber Emergency Response Team (CERT) is responsible for daily defense of Estonia's critical cyber infrastructure, the CCD handles strategic, long-term contingency planning. The CCD's Legal Advisor, Eneken Tiik, added that they are working to identify the proper legal framework in which the Center can operate within the context of existing regimes of the UN, the WTO, the International Telecommunications Union (ITU) and other national and international laws.

¶3. (SBU) CCD Scientist Rain Ottis later noted (referring to the Internet's military origins in the 1960s) that the Ministry of Defense (MOD) fears that "The Internet is being re-militarized in preparation for a larger war between hackers in the future." Events such as the massive distributed denial-of-service attacks (DDOS) on Estonia in April/May 2007 were a preview of what such attacks could do. Now more than a year after the 2007 Cyber Attacks, MOD Permanent Undersecretary Lauri Almann said that they are still learning new things about the planning and execution of those attacks. For example, the early waves of rolling attacks began around 3:00 am in Estonia at a level of intensity not strong enough to cripple infrastructure, but intense enough to get responders up in the middle of the night. Estimates of the number of countries where hijacked

computers employed in the 'bot-net' attacks were located still range anywhere from 100-135, with the United States hosting the most computers. MOD is attempting to create a psychological profile of the types of cyber criminals who would organize such attacks. This type of cyber forensics and scenario modeling, in addition to classes and seminars, would be a key part of the work of the MOD's Cyber Defense Center.

Skype and the Future of VOIP

¶4. (SBU) Ambassador Gross met with several start-up companies at 'Tehnopol', the country's leading business incubator on the campus of the Tallinn University of Technology to take the pulse of entrepreneurial spirit of Estonia. Tehnopol has 140 resident companies in ICT, biotech, chemical and materials production, services and other fields. While some noted that access to venture capital is a problem, larger concerns cited were the supply of qualified labor, and business experience for their employees and managers.

¶5. (SBU) The highlight of the visit to Tehnopol was a meeting at the headquarters of Estonia's marquee company, Skype. The country's signature IT brand, and a world leader in VOIP technology, Skype was incubated at Tehnopol, and its development offices and staff of approximately 300 are still located there. (Note: EBay purchased Skype for \$2.6 billion in September 2005. End Note) With 309 million users worldwide, General Manager Sten Tamkivi told us that Skype's growth plan now is to improve functionality

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for users running Apple and Linux platforms, and to offer new services such as SkypeFind (a yellow pages-type search engine) and SkypePrime (a fee-based application for delivering professional services such as tax or legal advice over VOIP). Currently, Tamkivi said, 95 percent of Skype's revenues come from calls to land lines ("SkypeOut.") He also noted that they introduced video within the Skype application just two years ago, and today over 30 percent of their global traffic is carrying near-DVD quality video with voice calls.

¶6. (SBU) Tamkivi said that Skype views itself "...not as a telecom company, but as a software company that interfaces with telecoms in nearly 200 countries." Ambassador Gross stressed that the United States is working to encourage governments to not to impede VOIP technology. At the same time, he cautioned Tamkivi to ensure that Skype addresses security concerns their peer-to-peer (P2P) software could potentially create vulnerabilities for viruses and other malware to get past computer firewalls.

¶7. (U) On a separate note, Tamkivi acknowledged Skype's special role in the Estonian economy, as one of the largest and most diverse employers in the country. With nearly 300 employees representing 25 nationalities under one roof, he hopes that if and when his veteran developers and designers move on to other jobs in the country, their capital, experience, contacts and confidence will be part of the "next wave" of Estonian innovation and entrepreneurship.

"Silicon Valley East" Coming to Estonia?

¶8. (SBU) At a meeting with Minister of Economic Affairs and Communications Juhan Parts (and former Prime Minister) Ambassador Gross discussed common ICT priorities. Minister Parts led Estonia's delegation to the June 17-18 OECD Ministerial in Seoul, Korea on "The Future of the Internet Economy". He concurred with the U.S. position that the ITU's role in regulating global telecom networks should not be broadened as some members would like to include law enforcement functions or control over internet domains.

Minister Parts told us of a development that he has not made public yet - the agreement during his April visit to the Stanford Research Institute (SRI) in Silicon Valley that SRI agreed to set up a branch office in Estonia. SRI International is "...an independent, nonprofit research institute conducting client-sponsored research and development for government agencies, commercial businesses, foundations, and other organizations". The office would only be SRI's fifth outside the United States, and the first in Europe. (Note: The other four branch offices are in Taipei, Tokyo, Seoul and Dubai. End Note.) SRI will prepare a White Paper outlining their vision for "Silicon Valley East" (as Minister Parts put it,) and the Ministry will follow with its own paper.

Business Outreach

¶9. (U) In an interview with Estonia's second-largest daily paper, Eesti Päevaleht, Ambassador Gross stressed U.S. support for the Estonian CCD, and emphasized the importance of international cooperation on ICT issues. He also outlined USG efforts to protect individuals from cyber crime and malware. Addressing a luncheon hosted by the American Chamber of Commerce (AmCham) in Estonia on the global impact of Information and Communications Technology (ICT) on business, Ambassador Gross noted the transformative effect of the explosive growth in mobile phone usage and technology in recent years. As with companies at Tehnopol, participants were equally interested in learning how to branch out to connect with expertise and markets beyond the region, as with how to attract outside investment capital.

¶10. (U) This cable was cleared by Ambassador Gross.

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